

# *Local Government Revenue Options*



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## **Introduction**

Wisconsin's local general purpose government system consists of municipalities (towns, villages, and cities) and counties. These local governments may levy only those taxes that are authorized by the Legislature. In addition to the property tax (and several in lieu of property tax revenues), the Legislature has authorized three optional local taxes for general local governments: (1) a county sales and use tax of 0.5%; (2) a municipal and/or county registration fee for certain motor vehicles (the "wheel" tax); and (3) a municipal tax on establishments providing short-term lodging to the public (the "room" tax). Although the property tax accounts for the vast majority of all local tax revenue, use of these other local taxes has increased in recent years as local governments seek to reduce their reliance on the property tax.

The structure of local government in Wisconsin extends beyond the general units of municipalities and counties. Wisconsin law allows the formation of special purpose districts that possess taxing authority. As with general units of government, these special purpose districts can levy only those taxes that are authorized by the Legislature, and for the most part, taxing authority is restricted to the property tax and related taxes. Four exceptions to this restriction exist: (1) a local exposition center district, which, if it meets certain requirements, is allowed to impose a room tax, a food and beverage sales tax, and a car rental tax; (2) a local professional baseball park district for the construction and operation of a new baseball stadium for the Milwaukee Brewers, which is allowed to impose 0.1% sales and use taxes to pay

the debt service costs on District-issued revenue bonds and facility operation expenses; (3) a local professional football stadium district for the construction and maintenance of a renovated football stadium for the Green Bay Packers, which is allowed to impose 0.5% sales and use taxes to pay the debt service on District-issued revenue bonds and to pay specific District administrative and facility maintenance expenses; and (4) a premier resort area, which can impose a 0.5% sales tax on sales by tourism-related retailers within the area.

For each of these taxes, this paper discusses the tax, the process for local adoption, and the revenue it generates. This paper first discusses the nonproperty taxes that can be levied by general units of government and then discusses the nonproperty taxes that can be levied by local exposition districts, the local professional baseball park district, the local professional football stadium district, and premier resort areas.

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## **County Sales and Use Tax**

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Wisconsin counties may adopt a 0.5% sales tax imposed on the same goods and services that are subject to the state sales tax. The tax is "piggybacked" onto the state sales tax in that the county rate is added to the state rate and the county tax is administered, enforced, and collected by the state. The 0.5% tax applies to items purchased within the county and to some items purchased in a county without a tax, if they are customarily kept in

a county with a tax (this is the "use" tax). The use tax applies to most registered vehicles and certain construction materials purchased by contractors. It also applies to items purchased out-of-state and brought to a county with the tax.

Since 1969, Wisconsin counties have had the authority to enact a countywide sales tax, but it was not until 1985 that one was adopted. Until 1985, a county adopting the tax had to distribute all tax collections to its underlying municipalities. The 1985-87 state budget gave a county the option of retaining the sales tax revenues for its own use or distributing all or a portion of the revenues to the towns, villages, cities, and school districts in the county. The method for distributing tax proceeds is left for the county to determine.

Further revisions to the tax were made by 1985 Wisconsin Acts 41 and 120. Several of these changes were needed in order to improve the administration and enforcement of the tax. The use tax component was added at this time to decrease the incentive to make major purchases outside of a county to avoid paying the county sales tax. In addition, Act 41 specified that the county sales and use taxes may be imposed only for the purpose of directly reducing the property tax levy.

These changes are generally viewed as having made the taxes a more attractive option for a county to consider, especially the change that allows the county to retain the tax proceeds.

### **Local Adoption of the Taxes**

The legal requirement for establishment of county sales and use taxes is that the county board adopt an ordinance imposing them. The taxes can be effective at the start of any calendar quarter, provided a certified copy of the ordinance is received by the Department of Revenue (DOR) 120 days in advance. An ordinance adopted by the county board is also required to repeal the taxes. The repeal is effective on December 31. DOR must be notified 60 days in advance of this date.

In 1986, Barron and Dunn counties became the first counties to impose the taxes. Since then, the taxes have been enacted by 55 other counties, including Grant County (effective April, 2002) and Green County (effective January, 2003). Table 1 identifies the 55 counties with sales and use taxes for 2001.

### **Revenue from the Taxes**

DOR retains 1.75% of the county sales and use taxes to cover the administrative costs of collecting the taxes. In addition, retailers are permitted to retain 0.5% of the taxes collected to cover their administrative costs. Thus, 97.75% of county tax collections are paid to the county. Table 1 identifies the annual amounts received by each county since 1995.

Under current law, DOR must distribute tax revenue to the county by the end of the calendar quarter following the quarter when collected. However, DOR began making monthly distributions in 1988 after discovering that it could reimburse counties on a more timely basis.

Table 2 compares the county share of 2001 county sales and use tax collections with the 2000(01) gross county property tax levy for the 55 counties with a tax in effect for all or part of the year. On average, the county share was equivalent to 25.3% of the county levy. Excluding Lafayette and Marinette counties, for which tax proceeds were not received for the entire year, the county share of the property tax levy varied from a low of 8.2% in Adams County to a high of 55.3% in Eau Claire County.

State sales tax collections totaled \$3,695.8 million in 2001-02, out of \$3,714.4 million in sales taxes imposed on consumers (the difference is the estimated retailers' discount). Therefore, if all counties enacted the county sales tax, the estimated yield would be \$363.0 million annually (after the retailers' discount of \$1.9 million and \$6.5 million for state administrative costs). This equals 25.6% of the \$1,420.0 million 2001(02) gross county property tax levy.

**Table 1: County Sales and Use Tax Revenue Distributions**

County	1995	1996	1997	1998	1999	2000	2001
Adams	\$556,098	\$549,502	\$651,417	\$783,240	\$768,906	\$811,096	\$841,861
Ashland	713,297	752,408	780,472	869,182	909,728	950,854	952,458
Barron	2,090,631	2,141,571	2,219,164	2,627,849	2,640,995	2,834,691	2,858,850
Bayfield	480,255	491,962	537,805	619,101	682,328	676,305	758,112
Buffalo	353,799	369,354	384,293	436,374	455,782	480,162	506,725
Burnett	469,731	476,865	527,599	625,110	591,287	669,835	729,294
Chippewa	2,250,785	2,260,797	2,510,316	2,951,672	2,990,985	3,230,494	3,173,716
Columbia	2,059,656	2,166,125	2,236,793	2,655,895	2,598,334	2,871,533	2,843,870
Crawford	768,367	809,429	997,620	1,013,776	949,325	1,133,938	1,143,923
Dane	24,332,834	25,095,110	27,012,861	31,539,666	30,821,454	34,141,750	36,087,757
Dodge	2,781,401	3,015,177	3,327,460	3,713,958	3,641,126	4,001,337	4,067,754
Door	1,892,020	1,971,130	2,081,413	2,421,588	2,431,658	2,703,716	2,734,905
Douglas	1,747,241	1,838,301	1,866,364	2,200,463	2,162,745	2,411,416	2,518,519
Dunn	1,294,811	1,148,734	1,468,816	1,707,935	1,686,778	1,847,212	1,914,047
Eau Claire	0	0	0	0	4,725,208	6,871,466	6,984,820
Forest	146,149	260,294	266,455	306,344	307,707	322,731	339,628
Green Lake		0	0	0	274,276	936,010	988,634
Iowa	868,867	901,016	983,718	1,149,346	1,082,846	1,222,020	1,262,752
Iron	259,438	282,196	299,589	360,514	318,886	330,017	386,497
Jackson	714,395	709,741	716,087	823,174	803,131	884,931	908,168
Jefferson	2,822,889	2,928,539	3,053,469	3,690,025	3,780,026	4,117,205	4,186,755
Juneau	850,953	922,345	992,299	1,108,950	1,052,061	1,188,693	1,166,997
Kenosha	5,700,857	5,957,308	6,372,927	7,552,844	7,310,558	8,079,279	8,078,088
La Crosse	6,046,450	6,241,656	6,619,015	7,563,635	7,566,498	8,206,837	8,425,170
Lafayette*	0	0	0	0	0	0	247,133
Langlade	846,219	895,543	910,472	1,085,036	1,055,256	1,118,001	1,163,918
Lincoln	1,106,037	1,182,547	1,216,563	1,335,942	1,329,699	1,435,018	1,453,174
Marathon	6,443,321	6,843,984	7,090,106	8,135,874	8,025,886	8,649,046	9,371,837
Marinette*	0	0	0	0	0	0	144,228
Marquette	546,236	517,939	677,808	657,346	713,099	789,838	805,976
Milwaukee	45,163,588	46,866,613	48,587,575	55,438,729	52,582,709	57,774,631	58,734,309
Monroe	1,443,891	1,468,042	1,575,784	1,761,288	1,843,897	2,012,968	2,043,804
Oconto	824,397	894,265	978,187	1,160,531	1,207,537	1,338,939	1,397,450
Oneida	2,237,524	2,340,633	2,399,998	2,783,959	2,718,689	2,975,638	3,163,021
Ozaukee	3,691,430	3,806,838	4,105,783	4,845,338	4,680,384	5,349,873	5,426,718
Pepin	230,950	245,355	266,870	297,919	312,138	324,759	360,906
Pierce	828,968	887,590	943,984	1,110,171	1,121,862	1,201,797	1,281,656
Polk	1,206,503	1,279,223	1,386,897	1,664,427	1,642,787	1,784,929	1,895,765
Portage	3,022,473	3,215,955	3,527,652	3,865,076	3,729,727	4,006,760	4,124,083
Price	576,007	570,209	626,673	716,916	671,837	764,265	773,984
Richland	582,598	625,587	614,810	759,789	754,162	830,424	856,016
Rusk	454,570	487,745	524,397	640,675	622,320	672,815	680,697
St. Croix	2,314,491	2,435,690	2,679,477	3,205,110	3,274,573	3,799,228	4,238,196
Sauk	3,202,593	3,314,772	3,519,632	4,177,206	4,281,353	4,821,787	4,981,258
Sawyer	840,313	852,649	897,710	1,061,161	1,048,554	1,188,487	1,301,198
Shawano	1,304,216	1,352,407	1,427,687	1,660,481	1,682,194	1,786,057	1,781,760
Taylor	0	0	0	0	248,644	835,594	897,618
Trempealeau	19,009	756,337	819,064	1,028,908	1,045,698	1,089,242	1,101,169
Vernon	0	0	532,710	858,496	875,740	963,334	1,032,800
Vilas	1,177,921	1,251,622	1,344,712	1,526,898	1,539,151	1,747,544	1,789,375
Walworth	4,173,650	4,326,892	4,563,638	5,309,220	5,165,235	5,809,686	6,093,017
Washburn	573,775	603,249	685,296	775,677	785,160	864,801	885,459
Washington	0	0	0	0	4,600,980	6,533,989	6,948,925
Waupaca	1,903,876	1,991,013	2,081,634	2,540,945	2,555,773	2,794,090	2,689,369
Waushara	<u>674,922</u>	<u>693,872</u>	<u>784,265</u>	<u>878,013</u>	<u>856,549</u>	<u>1,027,660</u>	<u>1,007,568</u>
<b>TOTAL</b>	<b>\$144,590,402</b>	<b>\$150,996,131</b>	<b>\$160,675,336</b>	<b>\$186,001,772</b>	<b>\$191,524,221</b>	<b>\$215,214,728</b>	<b>\$222,531,687</b>

\* Lafayette County sales and use taxes were effective January 1, 2001, and Marinette County taxes were effective October 1, 2001.

**Table 2: 2001 County Sales and Use Tax Revenue Distributions and Property Tax Levies**

County	2001 County Sales and Use Tax	2000(01) County Property Tax Levy	Sales and Use Tax as a % of Property Tax Levy	County	2001 County Sales and Use Tax	2000(01) County Property Tax Levy	Sales and Use Tax as a % of Property Tax Levy
Adams	\$841,861	\$10,317,882	8.2%	Milwaukee	\$58,734,309	\$207,493,560	28.3%
Ashland	952,458	4,076,102	23.4	Monroe	2,043,804	8,574,115	23.8
Barron	2,858,850	10,718,062	26.7	Oconto	1,397,450	10,969,548	12.7
Bayfield	758,112	6,700,000	11.3	Oneida	3,163,021	11,345,620	27.9
Buffalo	506,725	4,021,990	12.6	Ozaukee	5,426,718	12,914,746	42.0
Burnett	729,294	5,266,290	11.2	Pepin	360,906	2,306,443	15.6
Chippewa	3,173,716	9,912,709	32.0	Pierce	1,281,656	10,001,028	12.8
Columbia	2,843,870	12,178,278	23.4	Polk	1,895,765	10,665,929	17.8
Crawford	1,143,923	3,753,046	30.5	Portage	4,124,083	16,175,316	25.5
Dane	36,087,757	86,223,794	41.9	Price	773,984	6,011,356	12.9
Dodge	4,067,754	23,875,123	17.0	Richland	856,016	4,889,732	17.5
Door	2,734,905	14,782,539	18.5	Rusk	680,697	3,767,228	18.1
Douglas	2,518,519	6,930,002	36.3	St. Croix	4,238,196	13,673,590	31.0
Dunn	1,914,047	12,340,414	15.5	Sauk	4,981,258	15,466,905	32.2
Eau Claire	6,984,820	12,641,661	55.3	Sawyer	1,301,198	5,947,349	21.9
Forest	339,628	2,290,570	14.8	Shawano	1,781,760	10,143,599	17.6
Green Lake	988,634	9,049,197	10.9	Taylor	897,618	6,160,887	14.6
Iowa	1,262,752	6,805,247	18.6	Trempealeau	1,101,169	6,045,234	18.2
Iron	386,497	2,504,885	15.4	Vernon	1,032,800	5,967,192	17.3
Jackson	908,168	6,411,081	14.2	Vilas	1,789,375	8,270,185	21.6
Jefferson	4,186,755	18,972,521	22.1	Walworth	6,093,017	35,913,644	17.0
Juneau	1,166,997	5,929,945	19.7	Washburn	885,459	7,228,384	12.2
Kenosha	8,078,088	39,409,611	20.5	Washington	6,948,925	30,150,180	23.0
La Crosse	8,425,170	17,708,233	47.6	Waupaca	2,689,369	13,197,324	20.4
Lafayette*	247,133	5,593,270	4.4	Waushara	<u>1,007,568</u>	<u>9,293,336</u>	<u>10.8</u>
Langlade	1,163,918	5,921,819	19.7	TOTAL	\$222,531,687	\$879,969,240	25.3%
Lincoln	1,453,174	9,051,592	16.1				
Marathon	9,371,837	35,660,956	26.3				
Marinette*	144,228	11,652,361	1.2				
Marquette	805,976	6,697,630	12.0				

\* Lafayette County sales and use taxes were effective January 1, 2001, and Marinette County taxes were effective October 1, 2001.

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**Local Registration Fees for Motor Vehicles  
("Wheel" Tax)**

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Municipalities have been allowed to impose an annual registration fee, or "wheel tax," on motor vehicles since 1967. In 1979, this authority was extended to counties. Until 1983, the fee applied only to automobiles and station wagons. The fee was limited to 50% of the state registration fee and was collected by the local government that

imposed it.

Since 1983, state law has permitted any municipality or county to adopt an ordinance that imposes a flat, annual registration fee on automobiles and trucks of not more than 8,000 pounds customarily kept within that jurisdiction. Vehicles may be subject to both a municipal and a county fee. All vehicles exempt from the state fee are also exempt from local fees. (This exempts, for example, certain trucks not operated on highways, federal vehicles, and certain vehicles registered to

Indian tribes.) All vehicles subject to a state registration fee of \$5 are also exempt. (This category includes, for example, automobiles and buses owned and operated by human service agencies or school districts and vehicles owned and operated for public service by a municipality, county, Indian tribe, or the state.) There is no limit on the amount of the fee. The fee is collected by the Department of Transportation (DOT).

Municipalities are permitted, but not required, to share any portion of the fee with the county or vice versa. Under 1997 Act 27, effective for 1998 revenues, any county or municipality that imposes an annual registration fee must use the revenues from the fee for transportation-related purposes.

### Local Adoption of the Fee

An ordinance adopted by the county board or municipal governing body is required to impose a local registration fee. The local government must notify DOT at least 120 days prior to the first day of the month in which the ordinance takes effect. Repeal of the fee is also by adoption of an ordinance by majority vote of the local governing body. At least 60 days notice to DOT is required prior to the first day of the month in which the repeal is effective.

The following five governments are the only ones that have imposed a local registration fee: (1) the City of Kenosha, a \$10 fee from 1977 to 1978; (2) the City of Beloit, a \$10 fee from 1986 to the present; (3) the City of Amery (Polk County), a \$5 fee from 1987 to 1991; (4) Marathon County, a \$10 fee from 1987 to 1988; and (5) the City of Sheboygan, a \$10 fee from 1990 through 2001 (the City is phasing out its fee over a four-year period, beginning in January, 2002).

### Revenue from the Fee

The local fee is collected by DOT at the time the annual state registration fee is paid. DOT retains 10 cents per registration for administrative costs. The rest of the fee is remitted to the jurisdiction

imposing the fee.

Table 3 compares the amount of revenue received by the two local governments that imposed a local registration fee in 2001 with their 2000(01) gross municipal property tax levies.

**Table 3: 2001 Local Registration Fee Revenue Distributions**

Jurisdiction	Fee Revenue	2000(01) Local Property Tax Levy	Fee Revenue as a % of Property Tax Levy	Amount of Fee
Beloit (City)	\$262,700	\$9,006,945	2.9%	\$10
Sheboygan (City)	<u>345,100</u>	<u>17,731,048</u>	<u>1.9</u>	10
TOTAL	\$607,800	\$26,737,993	2.3%	

Based on estimated vehicle registrations for 2002, if a local vehicle registration fee of \$10 was imposed statewide, \$37.5 million in annual revenues would be raised. That equals 2.2% of the 2001(02) gross municipal property tax levy and 2.6% of the gross county property tax levy.

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### Tax on Short-Term Lodging ("Room" Tax)

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Since 1967, towns, villages, and cities have been authorized to impose a tax on establishments providing rooms or short-term lodging to the public. In general, the tax applies to hotels, motels, and rooming houses for lodging furnished for less than one month. Hospitals, nursing homes, and accommodations provided by religious, charitable, or educational organizations are excluded from the tax. The tax applies only to gross receipts from furnishing sleeping accommodations; therefore, food and other items or services furnished by hotels or motels are not subject to the tax. The room tax is in addition to state and county sales taxes that apply to room charges.

Prior to June, 1994, municipalities were not restricted as to the tax rate or use of room tax

collections. However, 1993 Wisconsin Act 467 imposed a maximum tax rate of 8% and required that at least 70% of any new room taxes be used for tourism promotion and development. Also, for room taxes enacted prior to May 13, 1994, this Act prohibits the municipality from retaining a greater percentage of room tax revenues than it retained prior to May 13, 1994. A municipality can exceed the 8% maximum limit and fall below the 70% tourism promotion requirement for new room tax revenues if any of the following situations apply:

1. The municipality is located in a county with a population of at least 380,000 and a convention center is being constructed or renovated within that county;

2. The municipality intends to use at least 60% of the revenue collected from its room tax in excess of 7% to fund all or part of the construction or renovation of a convention center that is located in a county with a population of at least 380,000;

3. The municipality is located in a county with a population of less than 380,000 and that county is not adjacent to a county with a population of at least 380,000, and the municipality is constructing a convention center or making improvements to an existing convention center; or

4. The municipality has any long-term debt outstanding with which it financed any part of the construction or renovation of a convention center.

Situations (1) to (4) do not excuse a municipality from the requirement that the percentage of room tax revenues that it retains is equal to, or less than, the percentage it retained prior to May 13, 1994.

Act 467 also created the additional governmental entity of a tourism commission to coordinate tourism promotion and development. If two or more municipalities in a tourism zone impose a room tax, those municipalities are required to enter into a contract to create a tourism commission. A tourism zone is defined as an area

of two or more municipalities that those municipalities agree is a single destination as perceived by the traveling public. The municipalities in a given tourism zone must impose the same room tax rate. If there is only a single municipality that imposes a room tax in a tourism zone, the creation of a tourism commission is optional.

The tourism commission is responsible for monitoring the collection of room tax revenues and for contracting with one tourism entity, or other organization if a tourism entity does not exist, for staff, support services, and assistance in developing and implementing programs to promote and develop tourism. A tourism entity means a nonprofit organization that came into existence before January 1, 1992, and provides staff, development, or promotional services for the tourism industry in a municipality.

In the case of a single municipality, the tourism commission consists of four to six members, of whom one must be a representative of the Wisconsin hotel and motel industry. Members are appointed by the principal elected official of the municipality with confirmation by a majority vote of the municipality's governing body. When there is more than one municipality in a tourism zone, the commission consists of one to three members from each municipality (depending on the amount of room tax revenues) and two additional members representing the hotel and motel industry. The members representing the municipalities are appointed by the principal elected official of the municipality with confirmation by the governing body. The two members representing the hotel and motel industry are appointed by the chairperson of the tourism commission.

### **Local Adoption of the Tax**

To implement a room tax, a municipal governing body must adopt an ordinance that authorizes the tax, determines the tax rate, and designates the date the tax takes effect. The last complete information regarding municipalities that

levy the tax is provided by financial reports filed with DOR for 2001. According to those reports, 176 of the state's 1,850 municipalities collected the tax in 2001. DOR does not collect information on room tax rates.

Surveys of room tax rates have been conducted by the Wisconsin Taxpayers Alliance and the Legislative Fiscal Bureau. These surveys found that room tax rates have ranged from 1.5% to 8%. The survey results are shown in Table 4. The rates shown in Table 4 for 2002 are for those municipalities that had a room tax in 2001, according to DOR reports. The most common rate found in the surveys was 5%. However, room tax rates have tended to increase. In 1989 and 1994, the portion of municipalities with a room tax rate greater than 5% was 15.2% and 26.4%, respectively. In 2002, 39.1% of these municipalities had a room tax rate greater than 5%.

**Table 4: Room Tax Rates -- 1989, 1994, 1999, and 2002**

Tax Rate	Number of Municipalities			
	1989	1994	1999	2002
1.5%	0	1	0	0
2	6	4	3	2
2.5	0	1	0	0
3	21	23	19	17
3.5	0	2	3	5
4	18	21	22	23
4.5	0	4	7	8
5	33	39	44	51
5.5	0	0	0	3
6	7	16	16	21
6.5	0	0	0	5
7	7	15	17	18
8	<u>0</u>	<u>3</u>	<u>13</u>	<u>21</u>
TOTAL	92	129	144	174

Source: Wisconsin Taxpayers Alliance and Legislative Fiscal Bureau surveys

## Revenue from the Tax

Table 5 indicates the annual amount collected from the room tax on a statewide basis from 1992 through 2001 and the annual percentage increase in collections, according to reports filed with DOR. The table also shows the growth in the number of municipalities that have adopted the tax over this period. Room tax revenues declined by 4.6% in

**Table 5: Room Tax Revenues**

Year	Amount	Percent Change	Number of Municipalities
1992	\$22,186,000		127
1993	23,588,000	6.3%	129
1994	26,233,500	11.2	132
1995	27,942,800	6.5	138
1996	30,337,400	8.6	143
1997	32,958,800	8.6	145
1998	38,963,600	18.2	160
1999	43,669,300	12.1	171
2000	45,012,500	3.1	173
2001	42,932,000	-4.6	176

Source: Department of Revenue

2001, the only decline over the ten-year period. However, since 1992, collections have increased by 93.5% and the number of municipalities imposing the tax has increased by 38.6%.

Table 6 shows the revenue collected by each of the 176 municipalities that imposed a room tax in 2001. On average, room tax collections were equal to 3.9% of the corresponding municipalities' 2000(01) municipal purpose property tax levies. However, the significance of room tax collections varied considerably by municipality. For example, room tax collections for 27 municipalities totaled 20% or more of their municipal property tax levies.

**Table 6: 2001 Room Tax Collections and Property Tax Levies**

Municipality <sup>(1)</sup>	2002 Room Tax Rate <sup>(2)</sup>	2001 Reported Tax Revenues <sup>(3)</sup>	2000(01) Municipal Property Tax Levy	Room Tax Revenue as a % of Property Tax Levy	Municipality <sup>(1)</sup>	2002 Room Tax Rate <sup>(2)</sup>	2001 Reported Tax Revenues <sup>(3)</sup>	2000(01) Municipal Property Tax Levy	Room Tax Revenue as a % of Property Tax Levy
<b>Adams</b>					<b>Grant</b>				
Dell Prairie (T)	5.0%	\$292,950	\$71,461	409.9%	Boscobel (C)	3.0%	\$20,129	\$749,187	2.7%
<b>Ashland</b>					Platteville (C)	4.0	21,877	2,451,311	0.9
Ashland (C)	4.5	45,677	2,194,346	2.1	<b>Green</b>				
La Pointe (T)	6.5	75,998	792,432	9.6	Monroe (C)	4.0	57,592	4,633,126	1.2
<b>Barron</b>					New Glarus (V)	3.0	26,609	1,086,241	2.4
Rice Lake (C)	5.0	100,509	4,125,684	2.4	<b>Green Lake</b>				
Turtle Lake (V)	4.0	86,257	419,211	20.6	Berlin (C)	4.0	5,875	1,233,530	0.5
<b>Bayfield</b>					Brooklyn (T) <sup>(4)</sup>	0.0	28,383	227,286	12.5
Bayfield (C)	6.5	148,625	442,586	33.6	Green Lake (C)	5.0	194,679	851,133	22.9
Bayfield (T)	6.5	23,250	210,004	11.1	<b>Iron</b>				
Bayview (T)	5.0	3,611	101,436	3.6	Anderson (T)	3.0	18,782	25,002	75.1
Cable (T)	3.0	27,957	341,881	8.2	Hurley (C)	5.0	47,085	536,490	8.8
Drummond (T)	3.0	4,789	148,123	3.2	<b>Jackson</b>				
Eileen (T)	4.5	27,919	135,000	20.7	Brockway (T)	5.0	147,455	218,814	67.4
Grand View (T)	3.0	7,534	131,767	5.7	Black River Falls (C)	5.0	37,320	1,170,662	3.2
Hughes (T)	3.0	3,454	98,333	3.5	<b>Jefferson</b>				
Iron River (T)	3.0	13,528	533,464	2.5	Fort Atkinson (C)	5.0	20,901	4,768,161	0.4
Namakagon (T)	3.0	84,028	163,894	51.3	Watertown (C)	3.0	33,943	6,293,402	0.5
Washburn (C)	5.0	27,473	608,917	4.5	<b>Kenosha</b>				
<b>Brown</b>					Bristol (T)	8.0	4,958	1,186,053	0.4
Allouez (V)	8.0	4,790	4,325,610	0.1	Kenosha (C)	8.0	353,592	37,607,995	0.9
Ashwaubenon (V)	8.0	219,166	6,795,243	3.2	Pleasant Prairie (V)	8.0	26,589	5,526,684	0.5
De Pere (C)	8.0	5,108	4,941,421	0.1	Wheatland (T)	8.0	2,329	352,819	0.7
Green Bay (C)	8.0	170,192	37,778,761	0.5	<b>Kewaunee</b>				
Howard (V)	8.0	8,802	3,089,646	0.3	Algoma (C)	4.0	32,011	1,111,885	2.9
<b>Burnett</b>					Kewaunee (C)	4.0	4,370	904,607	0.5
Siren (V)	4.0	51,555	246,654	20.9	<b>La Crosse</b>				
<b>Chippewa</b>					Campbell (T)	5.0	36,408	512,984	7.1
Chippewa Falls (C)	6.0	146,780	4,729,335	3.1	La Crosse (C)	7.0	618,520	21,087,620	2.9
<b>Columbia</b>					<b>Langlade</b>				
Caledonia (T)	4.0	45,207	210,000	21.5	Antigo (C)	4.0	47,586	1,941,988	2.5
Portage (C)	5.0	101,888	2,879,239	3.5	<b>Lincoln</b>				
Wisconsin Dells (C)	5.0	971,790	1,754,094	55.4	Tomahawk (C)	4.0	44,655	1,081,585	4.1
<b>Crawford</b>					Merrill (C)	5.0	23,433	3,896,770	0.6
Prairie du Chien (C)	3.5	90,006	1,470,419	6.1	<b>Manitowoc</b>				
<b>Dane</b>					Manitowoc (C)	6.0	337,651	8,833,950	3.8
Blooming Grove (T)	5.0	46,446	448,392	10.4	Mishicot (V)	6.0	69,182	281,753	24.6
Burke (T)	3.0	4,586	425,293	1.1	Two Rivers (C)	6.0	80,647	3,352,468	2.4
Fitchburg (C)	5.0	5,734	7,667,905	0.1	<b>Marathon</b>				
Madison (C)	8.0	5,961,011	110,784,732	5.4	Mosinee (C)	5.5	33,902	2,051,626	1.7
Madison (T)	8.0	46,260	2,213,130	2.1	Rib Mountain (T)	5.5	126,245	1,515,721	8.3
Middleton (T)	5.0	40,380	1,029,939	3.9	Rothschild (V)	6.5	284,734	1,608,862	17.7
Middleton (C)	5.0	362,010	6,797,760	5.3	Schofield (C)	6.5	21,919	1,164,044	1.9
Monona (C)	8.0	184,905	3,565,404	5.2	Wausau (C)	8.0	547,361	14,811,879	3.7
Sun Prairie (C)	4.0	51,017	8,370,272	0.6	<b>Marinette</b>				
Verona (C)	5.0	28,662	3,309,529	0.9	Marinette (C)	2.0	49,298	3,186,242	1.5
<b>Dodge</b>					<b>Milwaukee</b>				
Beaver Dam (C)	5.0	102,598	5,519,365	1.9	Brown Deer (V)	7.0	421,784	5,787,733	7.3
Lomira (V)	4.0	5,595	342,570	1.6	Franklin (C)	6.0	57,821	13,488,475	0.4
Waupun (C)	5.0	12,732	2,119,526	0.6	Glendale (C)	7.0	756,004	8,123,621	9.3
<b>Door</b>					Greenfield (C)	7.0	21,116	16,700,491	0.1
Sturgeon Bay (C)	4.0	387,270	3,952,258	9.8	Milwaukee (C)	7.0	6,858,300	170,393,500	4.0
<b>Douglas</b>					Oak Creek (C)	6.0	394,807	15,653,112	2.5
Superior (C)	6.0	401,904	9,210,267	4.4	Wauwatosa (C)	7.0	731,526	26,488,652	2.8
<b>Dunn</b>					West Allis (C)	6.0	35,011	27,488,862	0.1
Menomonie (C)	5.0	215,377	3,451,499	6.2	West Milwaukee (V)	7.0	59,179	2,960,700	2.0
<b>Eau Claire</b>					<b>Monroe</b>				
Eau Claire (C)	7.0	1,073,823	19,336,118	5.6	Sparta (C)	4.0	68,400	2,187,009	3.1
Union (T)	7.0	39,271	346,149	11.3	Tomah (C)	4.0	175,923	2,567,390	6.9
<b>Fond du Lac</b>									
Fond du Lac (C)	7.0	459,046	14,494,626	3.2					
N. Fond du Lac (V)	7.0	57	853,918	0.0					
Ripon (C)	5.0	50,633	2,468,618	2.1					

**Table 6: 2001 Room Tax Collections and Property Tax Levies (continued)**

Municipality <sup>(1)</sup>	2002 Room Tax Rate <sup>(2)</sup>	2001 Room Tax Revenues <sup>(3)</sup>	2000(01) Municipal Property Tax Levy	Room Tax Revenue as a % of Property Tax Levy	Municipality <sup>(1)</sup>	2002 Room Tax Rate <sup>(2)</sup>	2001 Room Tax Revenues <sup>(3)</sup>	2000(01) Municipal Property Tax Levy	Room Tax Revenue as a % of Property Tax Levy
<b>Oneida</b>					<b>Sheboygan</b>				
Minocqua (T)	4.0%	\$338,835	\$2,616,850	12.9%	Elkhart Lake (V)	4.0%	\$169,522	\$667,008	25.4 %
Pelican (T)	3.5	51,002	141,274	36.1	Kohler (V)	5.0	820,802	756,364	108.5
Rhineland (C)	3.5	121,148	3,666,626	3.3	Plymouth (C)	4.0	50,515	2,638,520	1.9
Woodruff (T)	4.0	8,266	911,662	0.9	Sheboygan (C)	6.0	294,170	16,826,861	1.7
<b>Outagamie</b>					<b>Taylor</b>				
Appleton (C)	3.0	255,940	26,241,863	1.0	Medford (C)	4.0	47,451	1,204,718	3.9
Grand Chute (T)	6.0	1,194,192	5,454,721	21.9	Rib Lake (V)	5.0	3,050	188,514	1.6
Kaukauna (C)	5.0	0	4,290,927	0.0	<b>Vilas</b>				
Kimberly (V)	5.0	6,943	2,373,853	0.3	Arbor Vitae (T)	4.0	33,313	494,770	6.7
<b>Ozaukee</b>					Boulder Junction (T)	3.5	93,481	448,746	20.8
Cedarburg (C)	5.0	55,760	5,797,653	1.0	Eagle River (C)	4.5	74,322	881,367	8.4
Port Washington (C)	7.0	161,711	3,821,828	4.2	Lincoln (T)	4.5	77,932	576,920	13.5
Saukville (V)	7.0	48,045	1,834,876	2.6	Manitowish Waters (T)	4.5	42,800	672,088	6.4
<b>Pepin</b>					Presque Isle (T)	4.5	6,897	709,576	1.0
Pepin (V)	5.0	6,495	110,328	5.9	Saint Germain (T)	3.5	167,399	438,525	38.2
<b>Polk</b>					Washington (T)	5.5	76,925	421,210	18.3
Amery (C)	5.0	10,487	1,078,399	1.0	<b>Walworth</b>				
<b>Portage</b>					Delavan (C)	8.0	390,952	3,187,513	12.3
Plover (T)	4.0	30,713	391,486	7.8	Delavan (T)	8.0	341,970	1,542,199	22.2
Plover (V)	7.0	47,135	2,327,468	2.0	East Troy (V)	5.0	6,204	1,256,814	0.5
Stevens Point (C)	7.0	580,390	9,186,617	6.3	Fontana (V)	5.0	294,070	1,881,265	15.6
<b>Price</b>					Geneva (T)	6.0	243,444	973,159	25.0
Elk (T) <sup>(4)</sup>	0.0	9,371	151,300	6.2	La Fayette (T)	6.0	34,563	188,362	18.3
Park Falls (C)	3.0	23,020	850,000	2.7	Lake Geneva (C)	5.0	519,560	4,115,906	12.6
Phillips (C)	5.0	21,684	488,943	4.4	Lyons (T)	3.0	427,621	200,943	212.8
Worcester (T) <sup>(4)</sup>	0.0	3,112	104,400	3.0	Whitewater (C)	5.0	49,219	2,005,979	2.5
<b>Racine</b>					Williams Bay (V)	5.0	8,881	1,513,946	0.6
Caledonia (T)	5.0	556	8,586,456	0.0	<b>Washburn</b>				
Mount Pleasant (T)	6.0	34,932	9,779,386	0.4	Spooon (C)	5.0	15,374	847,512	1.8
Racine (C)	6.0	153,068	33,783,131	0.5	<b>Washington</b>				
Yorkville (T)	6.0	2,256	657,525	0.3	Germantown (V)	6.0	249,427	6,606,569	3.8
<b>Rock</b>					Hartford (C)	5.0	47,441	3,923,935	1.2
Beloit (C)	8.0	32,388	8,615,430	0.4	Jackson (V)	5.0	27,614	1,501,161	1.8
Janesville (C)	7.0	596,788	18,817,874	3.2	West Bend (C)	5.0	129,546	13127131	1.0
<b>St. Croix</b>					<b>Waukesha</b>				
Baldwin (V)	5.0	63,170	1,089,701	5.8	Brookfield (C)	8.0	1,898,916	25,368,798	7.5
Hudson (C)	3.0	156,605	3,645,671	4.3	Brookfield (T)	8.0	581,732	2,881,144	20.2
New Richmond (C)	5.0	50,127	2,327,069	2.2	Delafield (C)	8.0	264,928	3,004,325	8.8
<b>Sauk</b>					Elm Grove (V)	7.0	18,512	5,175,067	0.4
Baraboo (C)	6.0	8,566	4,308,663	0.2	Menomonee Falls (V)	5.0	16,486	16,455,229	0.1
Delton (T)	5.0	110,868	168,648	65.7	Mukwonago (V)	6.0	15,885	2,626,169	0.6
Lake Delton (V)	5.0	4,020,811	1,020,334	394.1	New Berlin (C)	8.0	87,981	16,677,005	0.5
Merrimac (T)	7.0	40,347	114,044	35.4	Oconomowoc (C)	5.0	124,487	4,525,297	2.8
Reedsburg (C)	4.5	14,199	2,900,927	0.5	Waukesha (C)	8.0	614,808	29,657,964	2.1
West Baraboo (V)	6.0	99,094	455,837	21.7	<b>Waupaca</b>				
<b>Sawyer</b>					Waupaca (C)	5.0	108,759	2,448,494	4.4
Hayward (C)	4.0	230,415	1,006,149	22.9	<b>Winnebago</b>				
Lenroot (T)	2.0	18,685	167,588	11.1	Menasha (T)	6.0	332	5,522,151	0.0
<b>Shawano</b>					Neenah (T)	5.0	97	545,408	0.0
Cecil (V)	3.0	0	104,536	0.0	Neenah (C)	5.0	93,842	11,709,700	0.8
Shawano (C)	4.5	6,189	3,510,294	0.2	<b>Wood</b>				
Washington (T) <sup>(4)</sup>	0.0	460	371,312	0.1	Marshfield (C)	6.0	250,406	8,497,824	2.9
Wescott (T)	3.0	12,500	838,699	1.5	Wisconsin Rapids (C)	5.0	<u>224,720</u>	<u>7,860,032</u>	2.9
Wittenberg (V)	5.0	5,311	74,896	7.1	<b>TOTAL/AVERAGE</b>				\$42,931,991 \$1,100,485,088 3.9%

<sup>(1)</sup> T=Town, V=Village, C=City

<sup>(2)</sup> Rate effective on January 1, 2002, for those municipalities that had a tax in effect for 2001, according to DOR reports..

<sup>(3)</sup> Totals equal amounts reported on municipal financial report forms submitted to DOR and some totals are unaudited.

<sup>(4)</sup> Eliminated tax.

Sources: Department of Revenue and Legislative Fiscal Bureau

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## Local Exposition District Taxes

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Effective April 26, 1994, 1993 Wisconsin Act 263 authorized cities, villages, and counties to individually or jointly create a local exposition district that is separate and distinct from the municipality, county, and state. Such a district has the power to build and operate an exposition center, own and lease property, enter into contracts, employ personnel, issue bonds, and, under certain conditions, impose three different local taxes (room tax, food and beverage tax, and car rental tax). The composition of the board of directors presiding over the district depends on the type and number of sponsors. If the district is sponsored by a city of the first class, the board is composed of 15 individuals from both the public and private sectors, and appointment powers are spread between city, county, and state officials.

### Requirements to Levy Taxes

The requirements for a local exposition district to levy one or more of the three local taxes are very restrictive and probably only allow a district created by the City of Milwaukee to impose such taxes. The specific requirements that an exposition district must meet are as follows:

1. The municipality adopts a resolution certifying that the planned exposition center would be of substantial statewide public purpose. This requires an exposition center that: (a) includes an exhibition hall of at least 100,000 square feet; (b) is projected to support at least 2,000 full-time equivalent jobs; (c) is projected to stimulate at least \$6.5 billion in total spending in the state over a 30-year period; (d) is projected to attract at least 50,000 out-of-state visitors annually; and (e) is projected to generate at least \$150 million of incremental state income, franchise, and sales tax revenues over the 30-year period.

2. The district's sponsoring municipality

agrees to stop imposing and collecting its room tax.

3. The district adopts a resolution to impose the tax(es), and a copy of the resolution is sent to the Secretary of the Department of Revenue at least 120 days before its effective date.

### Restrictions on Taxes

State statutes limit the amount, duration, and use of the three local taxes. First, the revenues of each of the district-wide local taxes must be used only for the district's debt service on its bond obligations. Once the district's bonds (those required to be issued by April 1, 1999, and those issued to refund that debt) are retired, the collection of these taxes must cease. Collection of the taxes must also terminate if bonds are not issued within two years of imposition of the tax, but whatever has been collected can be used for any lawful purpose.

State statutes impose a maximum limit on the tax rate for each of the three taxes, as follows: (1) a 0.25% (0.50% with a majority vote of the board) districtwide sales tax on certain food and beverage sales; (2) a 3% (4% with a majority vote of the board) districtwide sales tax on the rental of passenger cars without drivers; (3) a basic room tax of up to 3% of total districtwide room charges; and (4) if the sponsoring municipality is a city of the first class, the Act allows the city to dedicate its existing room tax to the district.

The Department of Revenue is responsible for administering any of the local taxes imposed by a local exposition district. The state distributes 97.45% of the taxes collected to the exposition district by the end of the month following the end of the calendar quarter in which the amounts were collected. The remaining 2.55% of collections are retained by the state to cover administrative costs.

### Milwaukee's Exposition District

The City of Milwaukee has created a local

exposition district called the Wisconsin Center Tax District for the purpose of acquiring and managing its exposition center facilities. The District is comprised of cities and villages wholly or partially in Milwaukee County. The taxes imposed by the District were first effective on January 1, 1995.

Table 7 shows the tax rate and the amount of revenue collected for each of the taxes imposed by the Wisconsin Center District for calendar year 2001. As shown in Table 7, the basic room tax is currently imposed at 2% of total room charges and the additional room tax imposed by the City of Milwaukee is 7% of total room charges (this figure is also included in Table 6). The room tax imposed by the City accounted for 47.8% of the District's collections in 2001.

**Table 7: Wisconsin Center District Collections (2001)**

	Tax Rate	Revenues
Basic Room Tax	2.0%	\$2,692,700
Additional Room Tax	7.0	6,858,300
Food and Beverage Tax	0.25	3,019,200
Car Rental Tax	3.0	<u>1,801,900</u>
<b>TOTAL</b>		<b>\$14,372,100</b>

Source: Wisconsin Center District

In 2001, a total of \$14,372,100 was collected by DOR from the District taxes. However, after 2.55% of revenues were deducted to cover for DOR administration of the taxes, actual distributions to the District for 2001 were \$14,005,600.

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### Local Professional Baseball Park District Taxes

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A local professional baseball park district for the construction and operation of a new baseball stadium for the Milwaukee Brewers was created by 1995 Act 56. The District is made up of five

counties: Milwaukee, Ozaukee, Racine, Washington, and Waukesha. The District is governed by a 13-member board, appointed as follows: six persons appointed by the Governor; one person appointed by the Mayor of the City of Milwaukee; two people appointed by the Milwaukee County executive; one person appointed by the Racine County executive; one person appointed by the Waukesha County executive; one person appointed by the chairperson of the Ozaukee County Board of Supervisors; and one person appointed by the chairperson of the Washington County Board of Supervisors.

At the time Act 56 was passed by the Legislature, it was anticipated that stadium construction would cost \$250 million, of which \$160 million would come from the issuance of revenue bonds by the District. The District's \$160 million contribution makes up its 64% ownership share of the stadium. The debt service (the payment of principal and interest) on these bonds will be paid from 0.1% sales and use taxes imposed in the five-county District. The stadium taxes were first imposed in January, 1996.

The District has issued \$160.2 million in revenue bonds. Debt service payments are scheduled to end in 2029 and will total \$403.1 million (\$160.2 million in principal and \$242.9 million in interest). In addition, the scoreboard, drive mechanism for the retractable roof, seating, and food service equipment will be leased and funded through lease certificates of participation (COPs). Total payments on the COPs will be \$82.5 million (\$45.0 million in principal and \$37.5 million in interest) and will end in 2017. Revenues from the 0.1% sales and use taxes will also be used to pay for the COPs.

In addition to funding the construction of the stadium, the 0.1% sales and use taxes will be used to contribute towards the maintenance and repair of the stadium over the 30-year anticipated life of the stadium. A memorandum of understanding

(MOU) signed by representatives from the State of Wisconsin, Milwaukee County, the City of Milwaukee, and the Brewers indicates that the District's annual contribution will be the lesser of 64% of actual, annual maintenance costs or \$3.85 million. The District will also be responsible for major capital repairs and necessary improvements. Under the MOU, the District will contribute \$700,000 per year to a segregated reserve fund for this purpose and the Brewers will contribute \$300,000 per year. Finally, revenues from the stadium sales and use taxes are used to fund other operations of the District, including the District's staff and other administrative costs.

Act 56 specifies that if, at any time, the District's tax revenues exceed current operating expenses, the excess amount will be placed in a fund for future maintenance and capital improvement costs or to retire the bonds early. Once sufficient funds are available to meet the obligations of the District, the 0.1% taxes will end. In a review of the District's costs released by the Legislative Audit Bureau in the spring of 2002, one year after the facility opened, it was estimated that it would be necessary to collect the taxes through 2014.

DOR administers the sales and use taxes on behalf of the District. On a quarterly basis, the Department initially distributed 97% of the taxes collected to the District, retaining 3% of collections for administrative expenses. However, the distribution percentage increased to 98.5% in 1998. In calendar year 2001, the taxes generated revenues of \$23.2 million, net of the 1.5% fee retained by DOR for administering the taxes. Sales and use tax revenues of \$141.7 million have been collected from District taxpayers as of October, 2002.

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**Local Professional Football  
Stadium District Taxes**

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A local professional football stadium district for

the construction and maintenance of a renovated football stadium for the Green Bay Packers was created by 1999 Act 167. The Green Bay-Brown County Professional Football Stadium District is contiguous with Brown County and is governed by a seven-member board, appointed as follows: three persons appointed by the Mayor of Green Bay, three persons appointed by the Brown County Executive, and one person appointed by the Ashwaubenon Village President.

The District board has several powers and duties related to the renovation and management of the professional football stadium facilities. Specifically, the District is provided authority, if approved by the electors of the District at referendum, to impose 0.5% sales and use taxes for purposes related to football stadium facilities. On September 12, 2000, the voters of Brown County approved the District resolution imposing the 0.5% sales and use taxes.

The District also has authority to issue up to \$160 million in revenue bonds, excluding reserves and issuance costs, or take out up to a \$160 million loan from Brown County, using proceeds from a loan to the county from the state Board of Commissioners of Public Lands, to acquire, construct, or renovate its professional football stadium facilities. In April, 2001, the District issued three series of revenue bonds totaling \$174.8 million. Of this amount, \$160 million in bond proceeds were provided to the stadium project and the remaining \$14.8 million were used to fund required reserves and cover the issuance costs of the bonds.

The Act requires the District board to establish a facility maintenance and operating fund to which the following annual revenues must be deposited: (a) the amounts derived from the Packers football stadium donation state income tax checkoff; (b) the revenue received from the sale of engraved tiles or bricks; (c) the revenue received from DOT associated with the issuance of professional football team license plates; and (d) \$500,000

annually from a District fee or charge imposed on the right to purchase admission to events at the stadium facility, pursuant to an agreement with a professional football team. These annual revenues to the fund are to be used to reduce the annual District sales and use tax proceeds needed for annual maintenance and operating expenses. In 2001-02, \$275,000 associated with the sale of license plates was deposited to the fund. For tax year 2001, \$225,000 associated with the voluntary football stadium donation state income tax checkoff was deposited to the fund.

In addition, any excess, annual District sales and use tax revenues must also be deposited to the fund. Any excess, annual revenues deposited in the fund and interest earnings of the fund can be used to establish a reserve for future facility maintenance and operating expenses.

#### **Brown County Sales Tax Referendum.**

Act 167 also provided the county authority to receive excess, annual sales and use tax revenue after the District met its annual, stadium-related obligations. Under the Act, the county's authority to receive excess, annual revenues needed to be approved by a majority of the electors in the county at referendum. On a September 12, 2000, county referendum ballot, Brown County electors voted against providing the county this authority.

#### **Use of Sales and Use Tax Revenues**

Act 167 limits the types and the amount of District or stadium-related costs that can be funded from District sales and use tax revenues. The first allowable use of the revenues is to pay the annual debt service on any outstanding District revenue obligations (bonds). The next allowable use for the revenues is to pay the annual principal and interest cost on any county loan from the Board of Commissioners of Public Lands for the acquisition, renovation, or construction of football stadium facilities.

Any excess revenues, in any one year, after annual debt service or county loan payments are paid, must be used for the following purposes, in the order listed:

*District Administration.* District administration expenses of up to \$750,000 in the first calendar year beginning after the District sales and use taxes are imposed, up to \$500,000 in the second calendar year beginning after the sales and use taxes are imposed, and up to \$100,000 per year, thereafter, for up to 29 years after the year in which the initial District administration expenses are paid or until the District board determines that the balance, plus any projected earnings, in a reserve for District administration expenses are sufficient to pay the District administration expenses throughout this period.

*Facility Operating and Maintenance Expenses.* Beginning in the third calendar year after the District sales and use taxes are imposed, an amount equal to \$3,400,000, less the annual amounts to be paid from the football stadium facility maintenance and operating fund, to pay the operating and maintenance costs of the football stadium facilities. The portion of the \$3,400,000 used to pay any compensation for employees of a municipality that provides maintenance or operating services for the football stadium facilities can be increased by up to 3% each year thereafter. All other portions of the \$3,400,000 may only be increased by up to 2% each year thereafter.

These payments are to be made annually for up to 27 years after the year in which the initial maintenance payment is made or until the District board determines that the balance, plus any projected earnings, in the football stadium facility maintenance and operating cost fund are sufficient to pay the specified maintenance and operating expenses throughout this period.

*Early Retirement of Bonds and Reserves.* Any remaining annual funds must be applied to the following: (a) to retire any bonds issued for

purposes related to football stadium facilities and any bonds issued to refund those bonds; and (b) to fully fund a facility maintenance and operating cost fund for future facility maintenance and operating expenses and to establish a reserve to pay future District administration expenses. Revenues may be provided to this fund or reserve only after all bonds issued for the purposes of football stadium facilities have been retired or paid in accordance with the defeasance provisions of the authorizing resolution and the District is no longer required to make loan payments to the county on any funds borrowed for this purpose.

DOR administers the sales and use taxes on behalf of the District. On a quarterly basis, the Department distributes 98.5% of the taxes collected to the District. DOR is allowed to retain 1.5% of collections for administrative expenses. The District sales and use taxes began to be collected on November 1, 2000. In calendar year 2001, the taxes generated revenues of \$17.1 million, net of the 1.5% fee retained by DOR for administering the taxes. Sales and use tax revenues of \$34.2 million have been collected from District taxpayers as of October, 2002.

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### **Premier Resort Area Tax**

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A premier resort area tax option for units of local government that meet certain eligibility criteria was created by 1997 Act 27. The governing body of a political subdivision can enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40% of the equalized value of the taxable property within the political subdivision is used by retailers that fall within certain tourism-related standard industrial classifications. Proceeds from a premier resort area tax may only be used to pay for infrastructure expenses within the jurisdiction of that premier resort area. A municipality or county, all of which

is included in a premier resort area, can enact an ordinance to impose a tax at a rate of 0.5% on the gross receipts from the sale, lease, or rental in the municipality or county of goods or services that are taxable under current state sales tax provisions made by businesses that are included in the list of tourism-related retailers. However, the tax does not apply to the storage, use, or other consumption of taxable goods or services within the municipality or county (there is no "use" tax). Further, a county and a municipality within that county cannot each impose the tax on sales by the same tourism-related retailer.

Under 2001 Act 16 (the 2001-03 biennial budget act), the City of Eagle River was exempted from the requirement that 40% of its equalized value be used by tourism-related retailers in order to declare itself a premier resort area. The City of Bayfield was provided a similar exemption by 2001 Act 109. As of the fall of 2002, neither city had used this authority.

DOR administers, enforces, and collects the premier resort tax. Specifically, DOR rules define the standard industrial classifications subject to the tax and determine whether businesses are subject to the tax. Businesses obtaining a business tax registration certificate from DOR are required to report the standard industrial classification for each place of business in the state. Counties and municipalities imposing the tax receive distributions from DOR that equal 97% of the collections for a reporting period. DOR is authorized to retain 3% of collections to cover the costs of administration, enforcement, and collection of the tax.

In 1998, the Village of Lake Delton and the City of Wisconsin Dells each enacted a 0.5% premier resort area tax. In calendar year 2001, Lake Delton received \$826,500 and Wisconsin Dells received \$398,400 in revenues, net of the 3% retained by DOR for the Department's costs of administering the tax.